BRITISH COLUMBIA
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BCStats

Infoline

Contact: bcstats.infoline@gov.bc.ca *Issue: 10-42* *October 22nd, 2010*

- **More than a million British Columbians employed in small businesses**
- **Consumer prices climb 1.6% in September**
- **Visitor entries drop 0.3% in August**

Small Business

- **A total of 402,800 businesses were operating in British Columbia in 2009. Of those, 395,900, or 98%, were small businesses.** Between 2008 and 2009, the number of small businesses in British Columbia climbed 3.0%, a solid recovery from the slight dip recorded a year earlier and just slightly below the national growth average of 3.7%. Quebec (+5.1%) led the country in small business growth, followed by Alberta (+4.7%). Meanwhile, Newfoundland and Labrador (-4.3%) and Manitoba (-3.0%) were the only provinces to post declines. In 2009, small business in British Columbia accounted for 32% of the province's GDP, well above the national average of 28% and suggesting that small business plays a more significant role in the provincial economy in BC than it does in most other parts of the country.

British Columbia's small business sector was the source of approximately 1,045,400 jobs in 2009. This accounts for almost half (46%) of all the jobs in the province. In 2009, in the midst of the economic downturn, small business employment slipped for the first time in nearly a decade, contracting by 1.2% over 2008 levels. The decline in small business employment in 2009 was the result of a 4.8% drop in the number of employees of small businesses. Conversely, self-employment jumped 4.2%, showing considerable strength, but not enough to offset the overall decrease.

Over the last five years, the ratio of self-employed over total employment has remained sizeable. In 2009, self-employment accounted for 19.7% of total employment, up more than a full percentage point from 2008 (18.5%). In 2009, for the third straight year, the province's share of self-employed workers was the highest in the country.

Between 2004 and 2009, the construction industry was the largest provider of new small business jobs in British Columbia. Employment in this industry surged 27.8% as the recent construction surge in the province created approximately 17,600 new jobs over the five year period.

Data Source: BC Stats, Small Business Profile 2010

Prices

- **British Columbia's year-over-year inflation rate inched up to 1.6% in September.** Energy prices continued to climb (+4.5%), providing some of the thrust for the increase in the overall price level observed in September. Excluding energy, BC's Consumer Price Index (CPI) would have climbed 1.4% last month.

Shelter was more costly (+1.7%) than in the same month last year, with the price of both rented (+1.5%) and owned (+0.6%) accommodation climbing higher. Increases in the cost of natural gas (+2.1%), electricity (+8.8%), fuel oil (+9.1%) and water (+10.5%) left the average household utility bill notably (+6.8%) elevated. The cost of operating a vehicle (+2.1%) was higher than in September 2009, as drivers paid 3.4% more at the pump. Those in the market for purchasing a car were also met with higher prices (+4.1%). Food purchases cost 2.7% more as the price of enjoying a meal at a restaurant jumped 6.1% and grocery bills rose 0.9%. Students also

Did you know...

Nearly half (43%) of BC small business owners feel that the recent recession has had a negative impact on their business. *Source: Ipsos Canada*

faced higher tuition at the start of the school year (+1.9% over September of last year).

Prices in Vancouver escalated 1.9% in September, higher than the provincial average. The price level in Victoria, however, increased only 1.2%. *Data Source: Statistics Canada*

- **Canada's overall inflation rate was 1.9% last month, slightly above the 1.7% recorded in August.** The rise in the year-over-year price level was partly due to increases in the cost of energy (+5.6%) and food (+2.1%). Ontario (+2.9%) had the highest provincial inflation rate, but Newfoundland & Labrador (+2.3%) also saw prices climb at above-average rates.

Data Source: Statistics Canada

The Economy

- **The number of British Columbians receiving regular employment insurance (EI) benefits dropped 2.7% (*seasonally adjusted*) between July and August, falling to 78,750.** Nationally, the number of EI beneficiaries inched down 0.1%, to 671,210. Alberta (-4.7%) and BC were the provinces that posted the biggest declines, but there were fewer EI recipients in every province except Quebec, Nova Scotia and PEI. The number of Canadians receiving EI benefits was 12.6% lower than in August of last year.

Data Source: Statistics Canada

- **Sales by retailers in the province were off for the third straight month in August (-0.1%, *seasonally adjusted*).** Sales were up or flat in every province except PEI and Quebec, which also saw slight decreases (-0.7% and -0.1%, respectively). Canadian sales were 0.5% higher, leveraged partly by boosts at gas stations (+2.1%), food & beverage stores (+0.8%) and motor vehicles & parts dealers (+0.7%). However, decreased sales by retailers of general merchandise (-0.5%) and clothing (-0.8%) tempered these increases.

Data Source: Statistics Canada

- **Wholesale sales in BC were up in August, climbing 0.5% (*seasonally adjusted*), subsequent to a slight decline (-0.2%) in July.** Canadian sales were also stronger (+1.2%), with most provinces posting increases. Only wholesalers in Nova Scotia (-1.2%) and New Brunswick (-1.1%) saw sales weaken.

Data Source: Statistics Canada

- **Investment in non-residential building construction in BC amounted to $1.1 billion in the third quarter of 2010, up slightly (+0.5%) from the second quarter.** This marked the first quarterly increase of 2010. The climb was due to increased industrial (+15.7%) and institutional (+2.3%) spending, while investment in commercial projects lost ground (-1.9%). *Data Source: Statistics Canada*

Tourism

- **The number of visitors to Canada via British Columbia declined for the first time in three months in August, inching down 0.3% (*seasonally adjusted*).** The slip in entries was mainly the result of a drop (-1.6%) in the number of Americans electing to stay overnight. Same-day travel from the US was up 0.5%. Accounting for roughly one-in-four visits to BC, entries from overseas continued to rally (+1.5%) in August as more people from Asia (+1.9%), Europe (+1.3%) and other international destinations (+0.9%) visited BC.

Data Source: Statistics Canada & BC Stats

The Nation

- **The nation's composite leading index edged down (-0.1%) in September, marking its first decline since April of 2009.** Much of the decrease can be attributed to weak performance in the housing index (-3.2%). Retail trade showed strength, as expenditure on furniture & appliance goods was off (-0.7%), but sales of other durable goods increased (+0.9%). In the US, the leading indicator climbed 0.2% in August. *Data Source: Statistics Canada*

Infoline Issue: 10-42
October 22nd, 2010

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

Contact: Chad Stroomer
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originally published in
Business Indicators, Issue 10-09

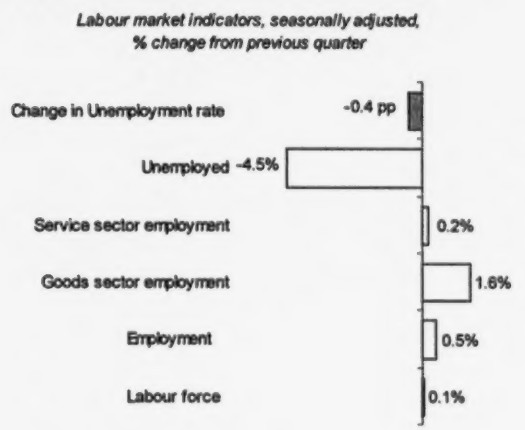
Second Quarter of 2010

Second quarter in review...

British Columbia's economy continued to pick up in the second quarter, but there are signs that growth is slowing

Labour Market Conditions

BC's unemployment rate dropped 0.4 percentage points during the second quarter

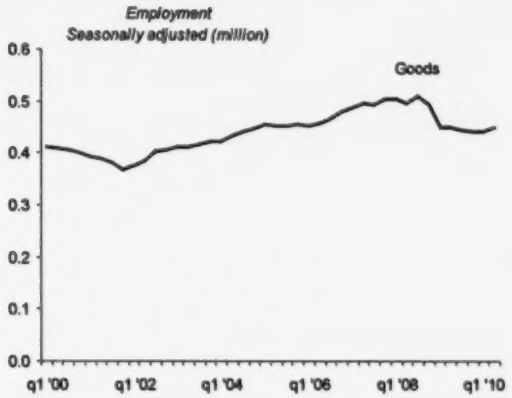


Data Source: Statistics Canada

British Columbia's labour market continued its post-recession recovery, but there are signs that it may be losing some of its momentum. The unemployment rate dropped another 0.4 percentage points[1] as the ranks of the unemployed shrank 4.5%.

Job growth continued, but at a rate well below that seen earlier in the year. Both the goods and service sectors took on more workers, although service sector job growth was relatively weak (+0.2%). The goods sector, which shed workers during the recession, fared significantly better (+1.6%). However, despite recent job growth, employment in BC's goods-producing industries remains well below levels seen prior to the recession.

Despite strong growth during the second quarter, goods sector employment remained well below pre-recession levels



Data Source: Statistics Canada

While the total number of people employed in BC rose 0.5% during the second quarter, full-time employment increased just 0.2%, leaving much of the recorded job growth in part-time employment (+1.7%). In terms of the actual number of jobs gained between the first and second quarters, full-time employment increased by 3,000 jobs, while the number of people working part-time jumped by more than three times that number (+10,000 jobs). As a percentage of total employment, part-time jobs now account for just over 22% of all jobs in BC.

After subsiding in the two previous quarters, the number of people receiving regular employment insurance benefits inched ahead (+0.8%) in the second quarter. The decline in the number of beneficiaries earlier in the year may not have been linked to improved labour market condi-

[1] Unless otherwise indicated, figures are seasonally adjusted, and come from CANSIM, Statistics Canada's electronic database.

tions, but could have been due to the fact that some people had reached the end of the period for which they were eligible to collect benefits.

Consumer Income and Spending

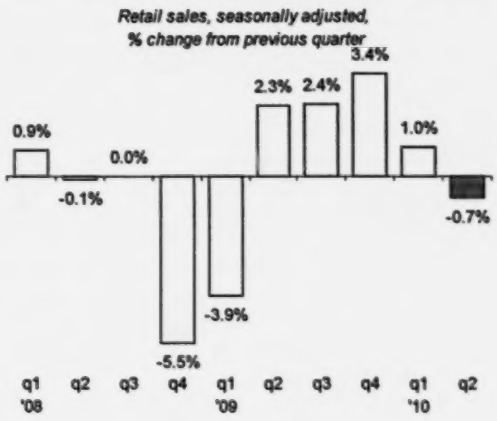
Labour income (wages, salaries and benefits) growth slowed to 0.6% during the second quarter. This was barely more than half the rate of expansion registered in the previous quarter (+1.0%) and well below the pace set (+1.4%) at the close of 2009.

Labour income growth continued to slow

Data Source: Statistics Canada

Despite the increase in labour income, retail sales dropped 0.7% as cautious consumers pulled back on spending. This marks the first quarterly decline in retail activity since the height of the recession in quarter four 2008 and the first quarter 2009.

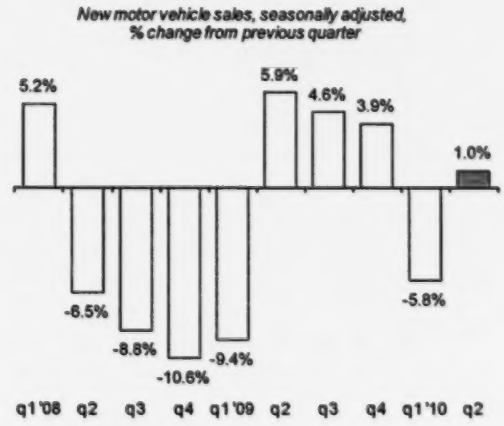
Retail sales slipped during the second quarter



Data Source: Statistics Canada

Despite weaker overall retail activity, the number of new motor vehicles sold during the second quarter inched ahead 1.0%, recovering some of the ground lost during the previous quarter when sales of new motor vehicles plummeted 5.8%.

Sales of new motor vehicles inched ahead



Data Source: Statistics Canada

Business Indicators

After three consecutive quarters of strong activity, BC's housing market slowed considerably between April and June. Housing starts in the province dipped 2.2% between the first and second quarter. Compared the same quarter last year, sales of existing homes slipped 4.4% (unadjusted for seasonality).

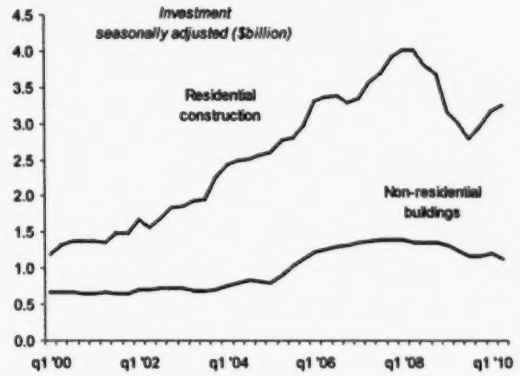
Growth in the number of housing starts fizzled during the second quarter

Data Source: CMHC

Growth in residential construction investment slowed to 2.1% during the second quarter. Investment in new residential construction was up 9.0%, a significant slowdown from the 14.4% jump registered during the first quarter. Improvements to existing homes rose just 0.6% in the second quarter.

Non-residential building investment sagged 6.5%, mainly due to a sharp (-8.8%) drop in the value of new commercial building projects. Since the first quarter of 2009, investment in commercial buildings has fallen by more than one quarter (-28.1%). Investment in institutional and government buildings were also weaker (-3.6%), while spending on industrial construction projects remained largely unchanged during the second quarter.

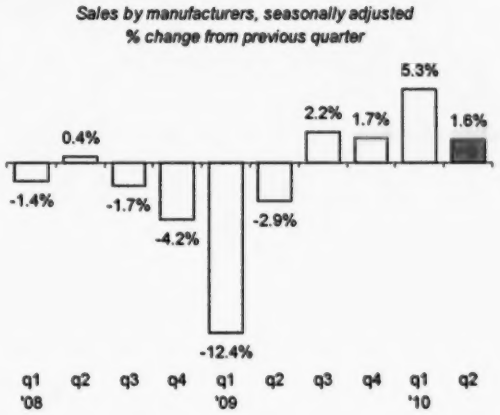
Expansion in residential construction investment slowed to 2.1%, while spending on non-residential buildings dropped 6.5%



Data Source: Statistics Canada

Sales of goods manufactured in BC advanced 1.6% during the second quarter, well off the pace set in the previous quarter (+5.3%). Producers of durable (+1.5%) and non-durable (+1.7%) goods both made modest gains.

Rapid advance of manufacturing sales slowed in the second quarter



Data Source: Statistics Canada

Historically, wood and paper production dominates BC's manufacturing sector. However, sales for both the wood and paper product industries began to slide prior to the recession and as the

economic downturn took hold, sales by the wood and paper product industries plummeted. In the wake of the decline of wood and paper, BC's food manufacturers began to account for a larger share of total sales. By the end of 2008, food producers led the way in manufacturing sales.

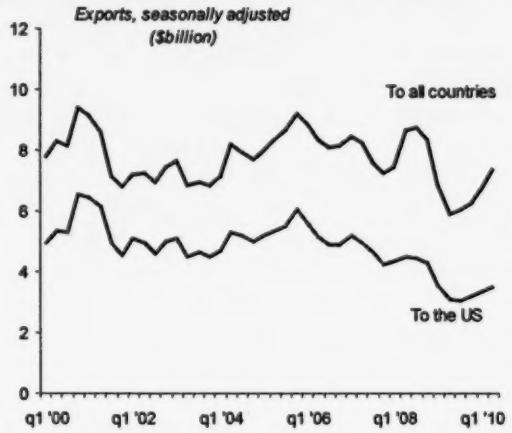
However, since the beginning of the year, the wood and paper product industries have both been experiencing a comeback in sales with growth rates now exceeding that of food producers. During the second quarter, the value of sales by paper manufacturers jumped 8.5%, well above the growth registered by the food products (+0.7%) industry. While more modest, wood producers also saw sales edge higher (+0.9%)

Sales of both wood and paper products made up ground during the second quarter

Data Source: Statistics Canada

Many of the products produced in BC are destined for consumption in other parts of the world. BC commodity exports to the US rose 5.1%, while shipments to other countries expanded 8.9%.

Commodity exports to the US and around the world continued to rise in the second quarter

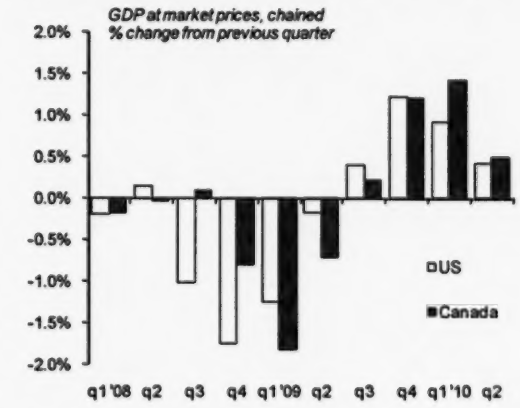


Data Source: Statistics Canada

Canada and the US

Real gross domestic (GDP) product in both Canada and the US expanded during the second quarter. However, both countries also saw economic activity slow compared to previous quarters.

Both Canadian and US economies saw only moderate levels of growth in the second quarter



Data Source: Statistics Canada & NBER (US Dept. of Commerce)

During the second quarter, Canada's GDP growth slowed to just 0.5%, well off the pace set in each of the two previous quarters. In the US, the story was much the same with second quarter GDP growth pegged at a somewhat pedestrian 0.4%.

What lies ahead?

In short, the signals are mixed. On the one hand, the Canadian economy is seeing overall growth. On the other hand, that growth is significantly slower than previous quarters. What's more, indications are that the third quarter was not off to an encouraging start as GDP dipped for the first time in a year in July (-0.1%). This places the more optimistic predictions around Canada's economic performance for 2010 in jeopardy, which may put pressure on policy-makers to hold off on plans to decouple the economy from fiscal stimulus.

A slowdown in economic activity means that interest rates may remain low for now

Data Source: Bank of Canada

Internationally, the US economy continues to meander through this post-recessionary period with middling levels of economic growth, a soft housing market and weak consumer demand. Europe remains on edge as a number of countries struggle to manage within a reality of growing budget deficits and rising levels of national debt.

Closer to home, BC's unemployment rate is shrinking, but many are finding part-time, rather than full-time work. Employment in the goods sector remains well below pre-recession levels and labour income growth has slowed considerably.

However, positive signs can be found in renewed growth in manufacturing sales by the wood and paper product industries and commodity trade also continues to rebound. It is no surprise then that BC, along with the rest of the global economy, is facing a relatively uncertain economic future. Recovery appears to be occurring, albeit slowly, and worries of a "double-dip" recession are beginning to ease, but what remains to be seen is how long this recovery period will last.

Infoline

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also on the Internet at www.bcstats.gov.bc.ca or choose RSS

BC at a glance . . .

POPULATION (thousands)	Jul 1/2010	% change on one year ago
BC	4,531.0	1.6
Canada	34,108.8	1.2
GDP and INCOME (Revised Nov 9)		
(BC - at market prices)	2008	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	197,931	3.3
GDP *($ 2002 millions)*	164,520	0.0
GDP *($ 2002 per Capita) (reflects revised pop)*	37,529	-1.7
Personal Disposable Income *($ 2002 per Capita)*	25,931	3.2
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Aug 2010	2,975	-0.1
Merchandise Exports - Aug 2010	2,298	-3.6
Retail Sales - Aug 2010	4,771	-0.1
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Sep 2010)	one year ago	% change
BC	1.6	0.8
Vancouver	1.9	1.1
Victoria	1.2	0.5
Canada	1.9	1.4
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Sep 2010	prev. month
Jobs Created (-Lost) - BC	-0.3	
Labour Force - BC	2,508.2	0.2
Employed - BC	2,320.3	0.0
Unemployed - BC	187.9	3.5
		Aug 2010
Unemployment Rate - BC *(percent)*	7.5	7.3
Unemployment Rate - Canada *(percent)*	8.0	8.1
INTEREST RATES (percent)	Oct 20/2010	Oct 21/2009
Prime Business Rate	3.00	2.25
Conventional Mortgages - 1 year	3.20	3.80
- 5 year	5.29	5.84
US-CANADA EXCHANGE RATE	Oct 20/2010	Oct 21/2009
(avg. noon spot rate) Cdn $ per US $	1.0245	1.0412
(closing rate) US $ per Cdn $	0.9783	0.9560
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Sep 2010	one year ago
BC	836.70	3.2
Canada	829.66	2.0

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Small Business Profile 2010

The 2010 Edition of the annual profile of small business in British Columbia is now available. The report provides information on British Columbia's small businesses, including number of businesses, employment and small business' contribution to the provincial economy.

www.bcstats.gov.bc.ca/data/bus_stat/busind/sm_bus.asp#sbp

Academic Journal Reviews Impact on Census

The publication of the schedule of questions for the 2011 Census on June 26, 2010 in the *Canada Gazette* was the first public appearance of plans by the Federal Government to fundamentally alter the basis of the questionnaire that is the bedrock of dozens of other high profile surveys such as the Labour Force Survey and the Consumer Price Index. Much has appeared in the press and other media stating both sides of the argument. The University of Toronto Press has contributed a series of articles in the journal *Canadian Public Policy* to bring sound academic argument to lay the foundation of fact on which to base further discussion of the policy decision by the Federal Government.

www.bcstats.gov.bc.ca/census.asp#C2011

Open Data extends to Trade Profiles and Quarterly Regional Statistics

This completes the initial phase of a project to offer Excel/CSV equivalents for files previously available only in PDF format. The files are available through our Area Profiles page.

www.bcstats.gov.bc.ca/data/dd/profiles.asp

Released this week by BC Stats

- Consumer Price Index, September 2010

Next week

- Business Indicators, October 2010

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